



School Finance 101: Revenue Targets

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Revenue targets

- Are based on revenue per student in weighted average daily attendance (WADA)
 - Use best of three “scenarios”
 - Include funds for high school allotment and teacher salary allotment
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Revenue targets

- ❑ S1 – Based on actual 2005- 06 revenue
 - ❑ S2 – Revenue district would have received in 2006- 07 based on:
 - ✓ School finance law prior to HB 1
 - ✓ 2005 adopted tax rate
 - ❑ S3 – Revenue district would have received in 2006- 07 based on:
 - ✓ School finance law prior to HB 1
 - ✓ Effective tax rate based on HB 1
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Revenue targets

- ❑ Revenue is divided by WADA in each scenario
 - ❑ Revenue target is based on highest revenue per WADA
 - ❑ Revenue target is multiplied by current-year WADA
 - ❑ Revenue target leveraged by compressed tax rate
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Additional State Aid for Tax Reduction (ASATR)



□ Three components

- ✓ Best of S1, S2, or S3 revenue per WADA x current-year WADA
 - ✓ High school allotment = \$275 x current-year high school ADA
 - ✓ Teacher salary allotment = \$2,500 x current number of employees subject to minimum salary schedule
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ASATR

- First, calculate revenue target:
 - + Target revenue per WADA x current-year WADA
 - + Salary allotment
 - + High school allotment
 - = **Revenue target**

 - Next, calculate difference between target and current law
 - + Revenue target
 - Current law revenue (S4)
 - = **ASATR, if positive, OR (dragback, if negative)**
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ASATR

- Adjustments to ASATR
 - ✓ Transportation allotment
 - ✓ NIFA
 - ✓ Additional state aid for tax credits under Tax Code, Chapter 313
 - ✓ Changes in:
 - Optional homestead exemptions
 - TIF participation
 - Tax abatements
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ASATR

□ Adjustments to ASATR

✓ Dragback

- If state and local revenue exceeds the revenue target, funding is reduced to revenue target

✓ Penalty for levying tax rate lower than compressed rate

Please note!

- Districts must levy at least the compressed tax rate to receive their target revenue
 - ✓ Levying less than compressed rate will result in state aid penalty
 - ✓ Compressed rate generates revenue target, even if it falls below \$0.86
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Questions?
